

HONORABLE RICHARD A. JONES

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

BASEL ACTION NETWORK,

Plaintiff,

v.

INTERNATIONAL ASSOCIATION OF  
ELECTRONICS RECYCLERS, et al.,

Defendants.

CASE NO. C10-931RAJ

ORDER

**I. INTRODUCTION**

This matter comes before the court on Defendants’ motion (Dkt. # 14) to dismiss this action for lack of subject matter jurisdiction or, alternatively, to dismiss it for failure to state a claim. Defendants requested oral argument, Plaintiff did not. For the reasons stated below, the court GRANTS the motion to dismiss because it lacks subject matter jurisdiction over some claims and because Basel has failed to articulate a proper basis for jurisdiction as to its remaining claim or claims.

**II. BACKGROUND**

Basel Action Network (“Basel”) is a Washington-based not-for-profit organization that promotes environmentally sound recycling of electronic products. Defendants are also not-for-profit organizations. Defendant Institute of Scrap Recycling Industries (“ISRI”) recently purchased Defendant International Association of Electronics Recyclers (“IAER”) and is apparently in the process of dissolving IAER. Among other activities,

1 Plaintiff and Defendants grant certifications to businesses that recycle electronic  
2 products.

3 Before ISRI bought IAER, IAER applied to the United States Patent and  
4 Trademark Office (“PTO”) for a certification mark in the phrase “CERTIFIED  
5 ELECTRONICS RECYCLER.” The PTO granted the application and registered the  
6 mark in January 2003. Weiner Decl., Ex. A (Registration No. 2,679,182). Since ISRI  
7 acquired IAER in 2009, Basel contends that ISRI has substantially changed the  
8 certification standards it uses in conjunction with the CERTIFIED ELECTRONICS  
9 RECYCLER mark.

10 Basel operates a certification program using its registered “E-STEWARDS”  
11 certification mark. Although Basel typically describes the businesses it certifies as “E-  
12 STEWARDS certified” or the like, it sometimes refers to them more broadly as “certified  
13 recyclers,” “electronics recyclers,” and “certified electronics recyclers.” Basel and its  
14 licensees use those phrases, and Basel would like to continue to use them without fear of  
15 adverse action from ISRI. Puckett Decl. ¶ 3 (describing Basel’s use of “certified  
16 electronics recycler”), Compl. ¶34 (describing licensees’ use of “certified electronics  
17 recycler”). Basel contends that Defendants’ certification mark is invalid because it is  
18 generic, and because Defendants have abandoned or misused it.

19 In addition, Basel contends that the use of CERTIFIED ELECTRONICS  
20 RECYCLER as a registered mark creates confusion in the marketplace and causes Basel  
21 competitive harm. For example, Defendants’ website compares its certification programs  
22 to Basel’s. Among other purported advantages, Defendants tout that they are able to  
23 “[p]rovide[] the trademarked designation of CERTIFIED ELECTRONICS  
24 RECYCLER®,” whereas Basel cannot. Axel Decl., Ex. 1. As Basel puts it, the use of  
25 “the generic phrase CERTIFIED ELECTRONICS RECYCLER *as a trademark* suggests  
26 that only through ISRI can one become a genuine certified electronics recycler. Any  
27 presumption of exclusive rights that inures to defendants through such continued use and

1 registration harms both the public and BAN's E-STEWARDS program and its licensees.”  
2 Compl. ¶ 39 (emphasis added).

3 Basel initially sought relief from the PTO's trademark administrative tribunal, the  
4 Trademark Trial and Appeal Board (“TTAB”), where it filed a petition to cancel the  
5 CERTIFIED ELECTRONICS RECYCLER mark in February 2010. For reasons not  
6 apparent from the record, Basel withdrew its TTAB petition in May 2010, before ISRI or  
7 IAER answered.

8 Basel sued in this court in June 2010. It presents four claims. Three of them seek  
9 the cancellation of the CERTIFIED ELECTRONICS RECYCLER mark on various  
10 grounds. The fourth is for a declaratory judgment that Basel's “use of the terms ‘certified  
11 electronics recycler’ and ‘electronics recycler’ in connection with its E-STEWARDS  
12 program does not infringe the CERTIFIED ELECTRONICS RECYCLER claimed  
13 mark.” Compl. ¶ 52.

14 Defendants have moved to dismiss those claims contending that this court lacks  
15 subject matter jurisdiction or, in the alternative, that Basel fails to state a claim. *See* Fed.  
16 R. Civ. P. 12(b)(1) & 12(b)(6).

### 17 III. ANALYSIS

18 Defendants' motion to dismiss raises two different issues regarding the court's  
19 authority to adjudicate Basel's claims. The first, which arises from Basel's declaratory  
20 judgment claim, involves a straightforward application of the case-or-controversy  
21 requirement of Article III of the Constitution to determine if the court has subject matter  
22 jurisdiction. The second issue, which arises from Basel's cancellation claims, requires  
23 the court not only to consider its subject matter jurisdiction, but also to determine if any  
24 statute authorizes Basel to bring those claims.

1 **A. The Court Does Not Have Subject Matter Jurisdiction to Entertain Basel’s**  
2 **Declaratory Judgment Claim.**

3 Article III of the Constitution grants federal courts the power to adjudicate  
4 “Cases” and “Controversies.” U.S. Const., Art III, Sect. 2. The so called “case-or-  
5 controversy requirement” is thus a limitation on the subject matter jurisdiction of federal  
6 courts. *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 120, 126 (2007). The same  
7 limitation is reflected in the Declaratory Judgment Act:

8 In a case of actual controversy within its jurisdiction, . . . any court of the  
9 United States . . . may declare the rights and other legal relations of any  
interested party seeking such declaration, whether or not further relief is or  
could be sought.

10 28 U.S.C. § 2201(a); *see MedImmune*, 549 U.S. at 127 (noting that the phrase “‘case of  
11 actual controversy’ in the Act refers to the type of ‘Cases’ and ‘Controversies’ that are  
12 justiciable under Article III”).

13 The first question before the court is whether Basel’s declaratory judgment claim  
14 satisfies the case-or-controversy requirement. Although Basel urges the court to focus  
15 solely on its complaint, the court need not accept mere allegations when deciding if it has  
16 subject matter jurisdiction. *Kingman Reef Atoll Investments, L.L.C. v. United States*, 541  
17 F.3d 1189, 1195 (9th Cir. 2008). Instead, the court looks to the evidence the parties  
18 present. *Id.* Where factual disputes cloud the jurisdictional question, the court must take  
19 steps to resolve them. *Id.* at 1196. The court will resolve the jurisdiction questions in  
20 this case on the basis of undisputed facts and the allegations of Basel’s complaint.

21 In determining if it has subject matter jurisdiction over a claim for declaratory  
22 judgment, a court must decide as follows:

23 [W]hether the facts alleged, under all the circumstances, show that there is  
24 a substantial controversy, between parties having adverse legal interests, of  
25 sufficient immediacy and reality to warrant the issuance of a declaratory  
judgment.

26 *MedImmune*, 549 U.S. at 127 (quoting *Maryland Cas. Co. v. Pac. Coal & Oil Co.*, 312  
27 U.S. 270, 273 (1941)). As the *MedImmune* Court recognized, this standard “do[es] not

1 draw the brightest of lines between those declaratory judgment actions that satisfy the  
2 case-or-controversy requirement and those that do not.” 549 U.S. at 127. *MedImmune*  
3 and other cases considering the issue, however, draw lines that are clear enough to  
4 dispose of Basel’s declaratory judgment claim.

5 Basel requests a declaratory judgment that “its use of the phrases ‘electronics  
6 recycler,’ ‘certified recycler,’ and ‘certified electronics recycler’ does not infringe  
7 Defendants claimed mark CERTIFIED ELECTRONICS RECYCLER.” Compl. ¶52.  
8 That request amounts to an Article III controversy only if Basel is engaging or will  
9 engage in conduct that is infringing, and it faces a sufficiently concrete threat of adverse  
10 consequences from Defendants. Basel and its licensees have used the phrase “certified  
11 electronics recycler” in describing Basel’s E-STEWARDS certification, and Basel alleges  
12 that it will continue to do so. It remains to decide whether it faces adverse consequences.

13 The adverse consequence that most commonly captures courts’ attention is  
14 litigation. A threat of litigation is typically enough to create an Article III controversy.  
15 That threat can be explicit. *E.g., Rhoades v. Avon Prods., Inc.*, 504 F.3d 1151, 1158 (9th  
16 Cir. 2007) (considering attorney’s threat of suit at a meeting with plaintiff); *Surefoot LC*  
17 *v. Sure Foot Corp.*, 531 F.3d 1236, 1245 (10th Cir. 2008) (considering express threat of  
18 infringement suit in letter). A threat can be implicit, too. For example, in *Chesebrough-*  
19 *Pond’s, Inc. v. Faberge, Inc.*, 666 F.2d 393, 396-97 (9th Cir. 1982), the court found a  
20 trademark holder’s cease-and-desist letter asserting a likelihood of confusion gave rise to  
21 a reasonable inference of a threat of an infringement action. *See also Neilmed Prods.,*  
22 *Inc. v. Med-Systems, Inc.*, 472 F. Supp. 2d 1178, 1180-81 (N.D. Cal. 2007) (finding that a  
23 detailed notice of opposition to plaintiff’s registration application was sufficient to imply  
24 a threat of litigation). In the patent arena, one court found subject matter jurisdiction in a  
25 declaratory judgment suit involving a patentholder who had not only repeatedly  
26 attempted to initiate licensing discussions with the plaintiff, but had also made a  
27 presentation to the plaintiff that “mapp[ed] the elements of each of the allegedly infringed

1 claims to the aspect of the accused . . . products alleged to practice the elements.”  
2 *SanDisk Corp. v. STMicroelectronics, Inc.*, 480 F.3d 1372, 1375 (Fed. Cir. 2007)  
3 (internal citation omitted). That was a sufficient threat of litigation despite the  
4 patentholder’s “direct and unequivocal statement” that it had “absolutely no plan  
5 whatsoever to sue” the plaintiff. *Id.* at 1382. Similarly, in *Sony Elecs., Inc. v. Guardian*  
6 *Media Techs., Ltd.*, 497 F.3d 1271, 1274 (Fed. Cir. 2007), the patentholder sent the  
7 plaintiff a “Notice of Patent Infringement” and later a set of claim charts detailing a  
8 claim-by-claim basis for its infringement assertion. The parties had pre-suit debates over  
9 whether the patent was invalid, and the patentholder sent the plaintiff numerous license  
10 offers. *Id.* at 1375-76. This was enough to create a justiciable suit for declaratory  
11 judgment. Even conduct that does not target the plaintiff can give rise to a sufficiently  
12 concrete threat of litigation. For example, in *Micron Tech., Inc. v. MOSAID Techs., Inc.*,  
13 518 F.3d 897, 901 (Fed. Cir. 2008), the court found that the defendant’s pattern of  
14 litigation against plaintiff’s competitors supported the conclusion that it was likely  
15 plaintiff would be a target of a similar suit.

16 *MedImmune* itself stands for at least two propositions: that there are adverse  
17 consequences other than litigation that may give rise to an Article III controversy, and  
18 that a controversy exists where only the plaintiff’s voluntary action prevents it from  
19 facing adverse consequences. In *MedImmune*, a patent licensor demanded that its  
20 licensee pay license royalties for a drug it contended was covered by the patent. 549 U.S.  
21 at 121. The licensee believed that the patent did not cover its drug, but rather than risk  
22 the termination of the license and the attendant reduction in its revenue, plus the penalties  
23 that could come from a patent infringement lawsuit, it paid the royalties “under protest  
24 and with reservation of all of [its] rights.” *Id.* at 122. The licensee then sued for  
25 declaratory judgment. The district court and court of appeals held that there was no case  
26 or controversy, because so long as the licensee paid royalties, it faced no adverse  
27 consequences. *Id.* Reversing, the Court explained that the plaintiff was “not required,

1 insofar as Article III is concerned, to break or terminate its . . . license agreement before  
2 seeking a declaratory judgment . . .” *Id.* at 137. The threat implicit in the royalty  
3 demand sufficed to create a case or controversy.

4 Basel faces no adverse consequences from its use of the phrase “certified  
5 electronics recycler.” Defendants have not sued Basel or threatened to sue Basel, and  
6 there is neither evidence nor allegation to the contrary. Indeed, there is neither evidence  
7 nor allegation that Defendants have ever sued anybody to enforce their rights in the  
8 CERTIFIED ELECTRONICS RECYCLER mark, or that they ever will do so. There is  
9 no evidence of conduct by Defendants that suggests an implicit threat to sue or take other  
10 action adverse to Basel or anyone else. There is no evidence beyond the seven-year-old  
11 certification mark registration itself that Defendants have ever suggested that they have  
12 the exclusive right to use the phrase “certified electronics recycler.” At most, they have  
13 suggested that only they can append the trademark registration symbol (®) to the phrase.  
14 Moreover, the court is not persuaded by Basel’s attempt to liken itself to the plaintiff in  
15 *MedImmune* by claiming that only its choice not to use “certified electronics recycler”<sup>1</sup>  
16 stands between it and adverse consequences. In fact, Basel admits that it and its licensees  
17 have used the phrase already while Defendants have done nothing. There is neither  
18 evidence nor allegation that suggests that Defendants are likely to change course if Basel  
19 expands its use of the phrase.

20 Under these circumstances, one might speculate, as Basel does, that Defendants  
21 intend to enforce their rights even though they have never done so in the past or  
22 threatened to do so in the future. One might also speculate, however, that Defendants  
23 have not enforced their rights because they believe that it is likely that the phrase  
24 “certified electronics recycler” is generic, or is at least descriptive and lacking secondary

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25 <sup>1</sup> Basel’s concern as to adverse consequences flowing from its use of the phrase “electronics  
26 recycler” stands on even weaker jurisdictional ground, because IAER disclaimed that phrase  
27 when it obtained the registration for CERTIFIED ELECTRONICS RECYCLER. Weiner Decl.,  
28 Ex. A (PTO Reg. No. 2,679,182) (“NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO  
USE ‘ELECTRONICS RECYCLER’ APART FROM THE MARK AS SHOWN”).

1 meaning. In other words, Defendants may believe that their certification mark is invalid.  
2 *Lahoti v. VeriCheck, Inc.*, 586 F.3d 1190 (noting that generic marks and descriptive  
3 marks without secondary meaning “do[] not receive trademark protection”). The record  
4 before the court does not permit it to conclude that Basel’s speculation is better grounded  
5 in reality than any other speculation. Article III prevents the court from hazarding a  
6 guess by entertaining Basel’s request for declaratory judgment.

7 The court concludes that whatever controversy exists between Basel and  
8 Defendants over the infringement of Defendants’ certification mark, that controversy is  
9 not of “sufficient immediacy and reality” to satisfy Article III. Basel has established, at  
10 most, a generalized fear that Defendants might, at some point, take action to enforce their  
11 certification mark rights. That fear is too speculative to support a case or controversy.  
12 The court concludes that it lacks subject matter jurisdiction over Basel’s declaratory  
13 judgment claim.

14 **B. The Court Cannot Entertain Basel’s Cancellation Claims Even Though It**  
15 **Has Subject Matter Jurisdiction Over Them.**

16 The court’s dismissal of the declaratory judgment claim brings it to Basel’s  
17 remaining claims, all of which seek cancellation of Defendants’ certification mark.  
18 Section 14 of the Lanham Act gives “any person who believes that he is or will be  
19 damaged” by the registration of a mark the right to file a petition for cancellation. 15  
20 U.S.C. § 1064. That section addresses cancellation petitions made to the TTAB; whereas  
21 Section 37 of the Lanham Act gives cancellation authority to courts. 15 U.S.C. § 1119  
22 (“In any action involving a registered mark the court may determine the right to  
23 registration [and] order the cancelation of registrations . . .”).

24 Courts have offered differing interpretations of the authority that Section 37 grants  
25 them. There is no dispute that Section 37 authorizes cancellation as a remedy for a valid  
26 independent cause of action involving a registered mark. A party with a justiciable claim  
27 for declaratory judgment of non-infringement, for example, can invoke Section 37. In the



1 wake of the dismissal of its declaratory judgment claim, Basel has not articulated a valid  
2 independent cause of action. The court must thus consider whether it can invoke Section  
3 37.

4 In answering the question, the court goes beyond Article III's case-or-controversy  
5 requirement. Although a federal court has the Constitutional power to adjudicate any  
6 case or controversy, a litigant must have statutory authorization to invoke that power.  
7 Numerous federal statutes withhold that authorization. There is, for example, no private  
8 right of action to enforce the Wiretap Act's prohibition on possession of certain  
9 electronic devices. *DirectTV, Inc. v. Treworgy*, 373 F.3d 1124, 1128-29 (11th Cir. 2004).  
10 And, although courts sometimes refer to questions of statutory authorization to sue as  
11 "jurisdictional" questions, they are not questions of *subject matter* jurisdiction. *Steel Co.*  
12 *v. Citizens for a Better Environment*, 523 U.S. 83, 89 (1998) ("It is firmly established in  
13 our cases the absence of a valid (as opposed to arguable) cause of action does not  
14 implicate subject-matter jurisdiction."); *Northwest Airlines v. County of Kent*, 510 U.S.  
15 355, 365 (1994) ("The question whether a federal statute creates a claim for relief is not  
16 jurisdictional.").

17 Two appeals courts have considered under what conditions a plaintiff can invoke  
18 Section 37 of the Lanham Act. Both rejected a cancellation claim unaccompanied by a  
19 valid independent cause of action. In *Windsurfing Int'l, Inc. v. AMF Inc.*, the holder of a  
20 patent for a sailboard sued a competitor for patent infringement, and had also requested  
21 that a dealer of the competitor's product stop using the term "windsurfer" to describe it.  
22 828 F.2d 755, 756 (Fed. Cir. 1987). The defendant responded with a claim for  
23 declaratory judgment that plaintiff's patent was invalid as well as a counterclaim for  
24 cancellation of its trademark in the term "windsurfer." *Id.* The district court cancelled  
25 the "windsurfer" registration, concluding that the term had become generic. *Id.* at 757.  
26 Applying Second Circuit law, the Federal Circuit reversed, concluding that there was no  
27 case or controversy over the use of the term "windsurfer." *Id.* at 757-58. It rejected the

1 notion that the defendant’s invocation of Section 37 led to a different outcome. It  
2 explained that an “action involving a registered mark,” as the statute requires, is not  
3 merely a suit in which a registered mark is present. *Id.* at 758. The court explained that  
4 there must be “something beyond the mere competitor status of the parties to serve as the  
5 basis for the court’s jurisdiction.” *Id.* at 758-59. It gave as examples “a suit for  
6 trademark infringement” or “a ‘case of actual controversy’ referred to in the Declaratory  
7 Judgment Act.” *Id.* at 759. With no such claim before it, the court held that it “lacked  
8 subject matter jurisdiction to entertain [the defendant’s] claim for cancellation . . . .” *Id.*

9       In *Ditri v. Coldwell Banker Residential Affiliates*, 954 F.2d 869 (3d Cir. 1992), the  
10 court affirmed the dismissal of a cancellation claim for lack of jurisdiction. The *Ditri*  
11 plaintiffs asserted that the trademark holder had failed to police the conduct of its  
12 franchisees using its mark, and that the court should therefore cancel the mark. *Id.* at  
13 873. The court held that “a controversy as to the validity of or interference with a  
14 registered mark must exist before a district court has jurisdiction to grant the cancellation  
15 remedy.” *Id.* The court found that a claim that a trademark holder had not policed its  
16 franchisees did not provide a “jurisdictional basis for granting a section 37 cancellation  
17 remedy.” *Id.* at 874.

18       So far as the court is aware, the Ninth Circuit has never considered whether a  
19 plaintiff must bring a valid independent cause of action before invoking Section 37.  
20 Basel argues otherwise, citing *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.*, 735 F.2d 346  
21 (9th Cir. 1984) and *Halicki Films, LLC v. Sanderson Sales & Marketing*, 547 F.3d 1213  
22 (9th Cir. 2008). Although those panels addressed cancellation claims, they did so where  
23 the parties seeking cancellation had also brought Lanham Act claims that the registered  
24 marks in question infringed their own marks. *Star-Kist*, 735 F.2d at 348; *Halicki*, 547  
25 F.3d at 1219. The two panels thus had no occasion to consider a cancellation request  
26 unaccompanied by a valid independent cause of action. Both panels discussed a party’s  
27 standing to seek cancellation, applying the same standing requirements as the TTAB.

1 *Star-Kist*, 735 F.2d at 348-49; *Halicki*, 547 F.3d at 1228-29 (following *Star-Kist*). They  
2 neither held nor suggested that merely satisfying those statutory standing requirements  
3 sufficed to permit a cancellation claim.

4 With no Ninth Circuit authority to bind it, the court turns to *Windsurfing* in  
5 analyzing Basel's cancellation claim. That case requires, at a minimum, that a party  
6 seeking cancellation present an Article III controversy involving a registered trademark.  
7 The only examples the court provided were independent claims for trademark  
8 infringement or declaratory judgment. In *Ditri*, the court only considered whether the  
9 independent claim that the plaintiff presented could be characterized as "involving a  
10 registered mark" within the meaning of Section 37.

11 Basel presents a question that neither *Windsurfing* nor *Ditri* explicitly answer. Is  
12 an Article III controversy over a registered mark that is not accompanied by a valid  
13 independent cause of action sufficient to invoke Section 37? This question arises because  
14 although the court has already held that there is no Article III controversy over Basel's  
15 *infringement* of Defendants' mark, there is an Article III controversy about Defendants'  
16 *use* of the mark. Basel claims that Defendants reap a competitive advantage by asserting  
17 that they have the right to use the phrase "certified electronic recycler" accompanied by  
18 the registered mark symbol (®), whereas Basel does not.<sup>2</sup> Defendants' assertion is  
19 probably literally true, as only a registration holder can use the registration symbol. 15  
20 U.S.C. § 1111. The court agrees, however, that one could conclude that Defendants  
21 make this statement to promote confusion in the marketplace about the importance of the

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22 <sup>2</sup> Basel's complaint is woefully non-specific about this claim. It alleges that the "continued use  
23 and registration of the generic phrase CERTIFIED ELECTRONICS RECYCLER *as a*  
24 *trademark* suggests that only through ISRI can one become a genuine certified electronics  
25 recycler. Any presumption of exclusive rights that inures to defendants through such continued  
26 use and registration harms both the public and [Basel's] E-STEWARDS program and its  
27 licensees." Compl. ¶ 39 (emphasis added). The court would not likely have understood this  
28 allegation without evidence beyond the complaint. Specifically, the court looked to material from  
29 Defendants' website in which Defendants tout only they, and not Basel, have the right to use the  
30 "trademarked designation of CERTIFIED ELECTRONICS RECYCLER®." Axel Decl., Ex. 1.  
31 In light of the court's ultimate disposition today, it need not decide whether the complaint alone  
32 is adequate to put Defendants on notice of Basel's claim.

1 fact that their mark is registered. Assuming that their mark is invalid (because it is  
2 generic, for example), their mark means nothing. Yet Defendants seem to hope that the  
3 public will believe that the registration of their mark means something substantive about  
4 their certification program. Assuming such confusion exists, Defendants are using their  
5 registered mark in a manner that injures Basel. This is an Article III controversy.

6 The problem with the controversy that Basel describes is that Basel has not  
7 articulated a cause of action that permits the court to resolve it. It has stated no Lanham  
8 Act or other cause of action that encompasses Defendants' allegedly wrongful conduct.  
9 It has simply brought cancellation claims. This is not necessarily fatal, because a liberal  
10 interpretation of *Windsurfing* would permit Basel to state an Article III controversy that  
11 cancellation would remedy and bring a cause of action based on Section 37 alone.

12 The court holds that a party seeking cancellation of a registered mark must not  
13 only state an Article III controversy that cancellation can remedy, it must also state a  
14 valid independent cause of action that encompasses that controversy. The court reaches  
15 that conclusion for several reasons. First, Section 37 does not speak of a "controversy  
16 involving a registered mark," but rather an "*action* involving a registered mark." Second,  
17 if Congress had intended Section 37 to support a cause of action by itself, the court would  
18 expect the statute to explicitly provide for a cause of action. Third, no court has ever held  
19 that an Article III controversy that cannot stand as an independent claim can support a  
20 cancellation request. The court reaches the third conclusion after a review of not only  
21 *Windsurfing* and *Ditri*, but of the many district courts decisions that have considered what  
22 authority Section 37 grants.

23 Every court to consider the issue has required a valid independent cause of action  
24 as a precondition for invoking Section 37's cancellation remedy. The court in *Universal*  
25 *Sewing Mach. Co. v. Std. Sewing Equip. Corp.*, 185 F. Supp. 257 (S.D.N.Y. 1960),  
26 reached the same conclusion as this court. The plaintiff there raised claims involving the  
27 registered mark, but none of them were cognizable in federal court. *Id.* at 259. The court

1 held that “absent some other basis of jurisdiction, a suit for cancellation by one in  
2 plaintiff’s position may not be independently maintained in this court.” *Id.*; *see also*  
3 *Moog Controls, Inc. v. Moog, Inc.*, 923 F. Supp. 427 (W.D.N.Y. 1996) (following  
4 *Universal Sewing*). In *Thomas & Betts Corp. v. Panduit Corp.*, 48 F. Supp. 2d 1088,  
5 1093 (N.D. Ill. 1999), the court held that Section 37 does not by itself support a cause of  
6 action. It explained that the viability of the plaintiff’s cancellation claim depended on the  
7 viability of its separate Lanham Act unfair competition claim.<sup>3</sup> *Id.* at 1093-94; *see also*  
8 *Performance Indus., Inc. v. Morton Int’l, Inc.*, 22 U.S.P.Q.2d 1632 (E.D. Pa. 1992)  
9 (dismissing cancellation claim after dismissing claim for declaratory judgment of non-  
10 infringement). If this court were to find that a party could invoke Section 37 merely by  
11 articulating an Article III controversy, it would apparently be the first court to do so.

12 Defendants urge the court to require Basel to pursue cancellation in the TTAB, if  
13 at all. Some courts have suggested that remedy where a party’s sole basis for invoking a  
14 court’s jurisdiction is Section 37. The *Universal Sewing* court found that the PTO and its  
15 administrative tribunals provided the only remedy for a party seeking cancellation  
16 without an independent claim involving the mark it sought to cancel. 185 F. Supp. at  
17 259-60; *see also Global DNS, LLC v. Kook’s Custom Headers, Inc.*, No. CV08-268RSL,  
18 2008 U.S. Dist. LEXIS 84961, at \*11-12 (W.D. Wash. Sept. 22, 2008) (citing *Universal*  
19 *Sewing*). Section 14 and Section 37 give courts and the PTO concurrent authority over  
20 cancellation. *See Simmonds Aeroaccessories, Ltd. v. Elastic Stop Nut Corp.*, 257 F.2d 485,  
21 491 (3d Cir. 1958). Basel is free to pursue remedies in the TTAB, but there is no reason  
22 for the court to mandate that it do so.

23 To the extent that Basel’s cancellation claims rely on its declaratory judgment  
24 claim, the court dismisses them for lack of subject matter jurisdiction. To the extent that  
25 the cancellation claims rely on the controversy over Defendants’ use of their generic

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26 <sup>3</sup> *Thomas & Betts* is also notable in that it is the sole authority (so far as the court is aware)  
27 considering a claim that use of a generic trademark is unfair competition. 48 F. Supp. 2d at  
28 1094-95.

1 certification mark, the court dismisses them because Basel has not articulated a valid  
2 independent cause of action encompassing that controversy.

3 The court declines to dismiss this action in its entirety because Basel has requested  
4 leave to amend, and it may be able to articulate a cause of action that encompasses its  
5 theory that Defendants have used their certification mark unlawfully. The court  
6 expresses no view on the legal or factual merit of such a claim, but it will not bar Basel  
7 from attempting to state it.

#### 8 IV. CONCLUSION

9 For the reasons stated above, the court GRANTS Defendants' motion to dismiss.  
10 Dkt. # 14. The court lacks subject matter jurisdiction over Basel's claim for declaratory  
11 judgment of non-infringement, and no amendment can save that claim.<sup>4</sup> As to Basel's  
12 cancellation claims, the court dismisses them because Basel has articulated no valid  
13 independent cause of action for which it can invoke cancellation as a remedy. Basel may  
14 be able to amend its complaint to state such a cause of action. Accordingly, the court  
15 dismisses Basel's complaint with leave to amend in accordance with this order. Basel  
16 shall file an amended complaint no later than January 14, 2011. The court VACATES all  
17 other deadlines it has set in this matter. If Basel does not file an amended complaint by  
18 that deadline, the court will enter a final order dismissing this action and directing the  
19 entry of judgment for Defendants.

20 DATED this 13th day of December, 2010.

21  
22  
23 

24 The Honorable Richard A. Jones  
25 United States District Judge

26 \_\_\_\_\_  
27 <sup>4</sup> Basel is free to bring a new declaratory judgment suit should Defendants engage in conduct that  
28 creates an Article III controversy over infringement of its certification mark.